

## **Frequently Asked Questions (FAQs)**

on Bank Indonesia Circular Letter No. 10/ 17 /DPM dated March 31, 2008, concerning  
Procedures of SBIS Transaction with Bank Indonesia

### **Q. What are the characteristics of Repo SBIS ?**

A. The characteristics of Repo SBIS are :

- may only be proposed to Bank Indonesia
- uses *qard* agreement which is followed by *rahn*
- with a maturity of 1 (one) working day
- provided at a maximum amount of the collateralized SBIS value
- opens from 4.00 p.m. up to 5.00 p.m. (western Indonesia standard time)

### **Q. What are the Repo SBIS requirements and mechanism?**

A. The Repo SBIS requirements are :

- any BUS or UUS is required to hold guarantee in the form of SBIS with a remaining maturity of at least 2 (two) working days upon Repo SBIS maturity
- any BUS or UUS is not being imposed sanction of prohibition of proposition for Repo SBIS

The Repo SBIS mechanism is :

- any BUS or UUS shall propose Repo SBIS through the BI-SSSS during the prescribed window time

### **Q. Which party may propose Repo SBIS to Bank Indonesia?**

A. The party eligible to propose the Repo SBIS is any BUS or UUS which has signed up the Agreement on the Collateralization of SBIS in purpose of Repo SBIS.

### **Q. What documents are to be prepared in purpose of Repo SBIS?**

A. In purpose of the Repo SBIS any BUS or UUS is required to prepare :

- the Agreement on the Collateralization of SBIS in purpose of Repo SBIS, in duplicate, adequately stamped, and signed up by the board of directors of the bank or official of the bank which is authorized by the board with a power of attorney which forms the basis for the bank to propose the Repo SBIS
- photocopy of Statutes

- photocopy ...

- photocopy of valid personal identity in the form of Resident's Identity Card (KTP) or passport of the board of directors/CEO and/or official which is authorized to sign up the Agreement on the Collateralization of SBIS in purpose of Repo SBIS

**Q. Is there any fee to be charged on Repo SBIS and how is the calculation?**

A. Yes, any Repo SBIS transaction shall be charged a fee with calculation :

Repo SBIS Fee =

$(BI \text{ rate} + 300 \text{ bps}) \times (\text{number of repo days}/360) \times \text{repo SBIS nominal value}$

**Q. How is the mechanism of securities settlement and fund settlement?**

A. The securities settlement and Repo SBIS fund settlement are conducted through the BI-SSSS under a mechanism of transaction by transaction settlement (gross to gross).

**Q. In what cases shall a BUS or UUS be imposed sanctions?**

A. Sanctions shall be imposed on any BUS or UUS for cancellation of :

- Repo SBIS first leg settlement because the BUS or UUS does not hold the series of the collateralized SBIS; and
- Repo SBIS first leg settlement because the BUS or UUS does not hold adequate balance in its demand deposit account for Repo SBIS redemption settlement up to the BI-RTGS System cut-off warning.

**Q. In what forms shall those sanctions be imposed?**

A. Those sanctions shall be imposed in the form of written warning and financial penalty of 1‰ (one per thousand) of the cancelled settlement value with a maximum amount of Rp1,000,000,000.00 (one billion rupiah) for each Repo SBIS transaction declared cancelled. If a BUS or UUS has been imposed the written warning for three times within 6 (six) months, in addition to the imposition of the sanctions, the BUS or UUS shall also be imposed sanctions in the form of :

- prohibition of proposition for Repo SBIS for 5 (five) consecutive working days as from the imposition of the third written warning; and
- temporary termination of participation in the SBIS auction of the following week.